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11 November 1950

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MEMORANDUM

TO: Chief, Finance Division
FROM: Chief, Certification & Liaison Branch
SUBJ: Establishment of Subsidiary Accounts Receivable

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1. In view of the diversity, variety, and volume of advances being made, I believe we have reached a point where our advance ledgers, in their present form, do not provide adequate control or information to enable proper classification and servicing of these accounts by Certifying Officers. It is therefore recommended that immediate consideration be given to the establishment of Accounts Receivables based on the following or some similar breakdown:

REVOLVING AND IMPREST ACCOUNTS (Station or Activity and Pseudo)

All station accounts and revolving accounts, would be maintained under this heading by name of station or major activity with the name of custodian also shown. A form letter, designating the custodian of such accounts would be executed, and a new letter sent out acknowledging change of custodianship and the new custodian would in turn get a form letter defining his responsibilities as custodian. These accounts could be reviewed monthly to determine the adequacy of funds in relation to expenditures, delinquent reports, custodian responsibility, necessity for additional finance personnel to handle increased volume or complexity of accounts, suspense items etc. Certifying Officers would be responsible for follow-up and control of such accounts.

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PERSONAL ADVANCES (Real name)

This would cover all advances to employees for salary, allowances, travel or other types of employee benefits or miscellaneous personal charges. These advance accounts would be reviewed and controlled by the Pay, Allowance, and Travel Branch and liquidated by (1) application of accounts against advances (2) salary deductions or (3) collections.

AGENT AND OPERATIONAL ADVANCES (Project crypto pseudonym)

This would include advances to agents and to operations or staff officers for operational purposes. As the volume increases it may be necessary to divide this category into two parts, namely (1) agent advances and (2) miscellaneous operational advances. All financial activities concerning an individual agent could be run through his account including payments for salary, travel, etc., as provided under his contract. Thus, a record would be available covering all of his finance history on one sheet. Such a record will be essential in the annual settlement and liquidation of such accounts, and in transferring balances to foreign stations for collection and/or servicing. The Certifying Officer would be responsible for follow-up and control of such accounts.

CACHE AND RESERVE ACCOUNTS (Cryptonym and pseudonym)

If we are to go into planting iron reserves and caches, it is essential that such Reserves be set up and set aside separate from liquid assets. The Monetary Branch would be responsible for follow-up and control of such accounts.

SUBSIDY AND PROPRIETARY ACCOUNTS (Project crypto + pseudo)

All subsidy and proprietary advances should be placed under this category until (1) subsidy payment is accounted for and dropped as an advance and (2) until the advance is accounted for and dropped as an advance.

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up ~~in~~ as an Investment and/or written off, by proper authority. These accounts would be reviewed by the Certifying Officer and follow-ups made to secure proper documents for write offs, and to provide proper financial support, etc.

COLLECTION ACCOUNTS (Real name, pseudo and cryptonym)

This account would contain all "dead" collection items such as collections resulting from post audit exceptions or overpayments to persons who have left the Agency or from firms or individuals indebted to the Agency, or old complicated delinquent accounts awaiting final settlement. This account would be limited to items where no further payments or advances were to be made to the individual, and the job was simply to settle, close out, liquidate or collect an item remaining on our books. The Audit Branch would be the logical point of control and follow-up on such accounts.

SUSPENSE ADVANCES (Certifying Officer)

It appears desirable at this time to establish an account for Suspense Advances to serve primarily as a tiddler and control on advances made to an individual staff employee who is simply acting as a cutout or messenger to deliver the funds to the payee. The payee may be another staff employee, an agent, or an outside party. At the present time, the Certifying Officers are holding these as "informal suspense items" where the receipt from the payee has been promised within a few hours or a few days. It would appear desirable to formalize this suspense account by name of Certifying Officer on the official records. Then he could review his suspense account each day or two; follow up on receipts or accountings not delivered as promised, or have the item cleared from suspense by charging it to the advance account of the drawee. No item should remain in a Certifying Officer's suspense account for more than ~~thirty~~ ⁴⁵ days.

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2. I understand that the objection to splitting up the advance ledgers is that in clearing out an individual employee there is no one record that reflects all of his indebtedness. That was probably a valid objection when we had a relatively small number of advances and there were only two types, personal and operational. However, ^{in view} of the increase in number as well as types of advances, I believe we must separate them to permit proper analysis, review, and servicing. The objection mentioned above can be overcome by a master index reference by name.

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